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Miami

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ECONOMIC GROWTH AND THE LATIN AMERICAN MARKET

WESTERN EUROPE'S FARM OUTPUT AND TRADE

INDIA'S FERTILIZER IMPORTS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

APRIL 24, 1967

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More than 400 American foods, including many frozen items, were featured at the Processed Food Exhibit at the U.S. Trade Center in Frankfurt, West Germany. Details on page 8.

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Economic Growth and the Changing Latin American Market

An economist looks at the various income groups and sees a potentially larger market for U.S. farm products, provided economic growth can be maintained

By MARTIN KRIESBERG

International Agricultural Development Service

Economic and population growth in Latin America are altering the size and character of the market for American agriculture there. While only about a third of the region's people currently have the cash to buy food products imported from the United States, the situation is changing.

As economic growth takes place, the size of the groups with relatively high purchasing power expands. In Latin America, as elsewhere in the world, economic growth means improved incomes for people in all classes. With economic growth, some of those now numbered among the urban and rural poor can move up to the middle-income bracket—and some in that group will be able to join the ranks of well-to-do.

An economic growth rate of 4 percent for the next decade would add by 1975 some 27 million to the upper- and medium-income categories in Latin America, assuming that present population trends continue. A rate of 6 percent would add 57 million to these groups having the purchasing power to expand their buying of imported commodities and processed foods.

The two top markets

Let's look more closely at the food-buying characteristics of groups at the various income levels.

Food marketing for the 16 million or so high-income people in Latin America (in 1965) was similar to that of the United States. Many of the wealthy shop in supermarkets or neighborhood food stores. They buy processed and packaged foods, cellophane-wrapped meat, and have pasteurized milk delivered to their homes. Their per capita consumption of calories and proteins is on about the same levels as those enjoyed in the United States. The relatively large foreign populations in the capitals and major commercial cities comprise an important part of those classified as having high income. The total consumption accounted for by these people is somewhat larger than their numbers would suggest, however, because the live-in servants they employ eat from the same pantry—though their diets may be closer to those of the low-income groups.

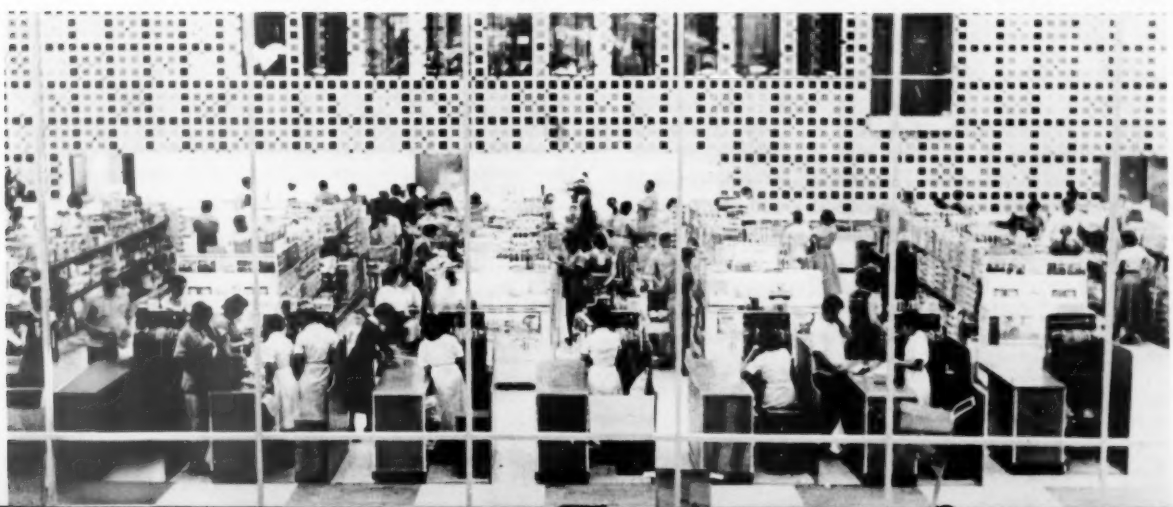
For the 67 million in the urban and village middle-income groups, marketing patterns similar to the wealthy prevail, but there are quantitative and qualitative differences. Some processed foods and packaged items are bought but less frequently; cheaper cuts of meat are purchased and in small quantities; diets tend to be heavy in cereals and local root vegetables. Still, the people in these groups do shop in the same type of stores and markets as the well-to-do and are more dependent on a complex farm-to-city commercial marketing system for their food.

No market among rural and urban poor

Further down on the economic scale are the 90 million rural and village folk of Latin America. Their marketing system is about what it was in the time of the Spanish conquistadores. The weekly market day in the village square is still the dominant factor in their food buying and serves as a social as well as economic institution in their lives. Some of the marketing is on a barter basis; relatively little goods come from afar. Excursions to larger village markets, such as provincial capitals, where goods from the cities are assembled and traded is a major and infrequent event for many of these people. Their purchasing power is pitifully small. A regional crop failure or disease of their livestock is a disaster, and if they have bad luck a second or third year, they may fall from the brink of subsistence to near starvation.

At the bottom of the scale are the 80 million poor who reside in urban areas. They differ markedly from the poor in the United States, both in percentage of population and in the extent of their poverty. In the absence of established and effective local welfare agencies and systems for looking after the poor and the handicapped, many of these people are dependent on gleanings of food wherever obtainable and on donated foods largely from the United States, distributed by organizations such as CARE and various religious charitable groups. As small sums of money are

Latin America's upper-income groups shop in supermarkets such as this one in Caracas, Venezuela.



obtained in these households, some food from open markets and price-controlled government stores may be purchased in the poor sections of the cities.

With improved economic conditions in Latin America, some of these urban poor will become a more effective part of the market economy. This group offers a numerically large potential for purchase of U.S. exports—including agricultural exports—though this will take time to become actuality. Having left the traditional rural life, these people are exposed to the crosscurrents of ideas and values in an urban society. They will aspire to more and better consumer goods, and much of their increased incomes will go for the kind of food the United States may export.

Per capita income related to imports

Studies by USDA's Economic Research Service indicate the close relationship between incomes of people and commercial imports of U.S. agricultural commodities. For example, in countries where per capita income is less than $300 a year, per capita imports are less than 75 cents. When per capita income is $300-$400, per capita imports rise to $2.50, and with per capita incomes of $900 or more, commercial agricultural imports are more than $7.50.

Per capita income is tied to the degree of economic development achieved by the economy as a whole. Development, in turn, will depend to a considerable extent on the success Latin America has in improving its agriculture because agriculture is an essential and interrelated factor in growth.

Walt W. Rostow and others have pointed out that until rural people participate more fully in the economic growth of their countries, there will not be a "national" market for the country's industry and that, therefore, industrial growth will be retarded. It must be remembered that farm families are consumption as well as production units; they require household consumer goods as well as farm production goods. Paradoxically, therefore, expanded U.S. agricultural exports to Latin America will depend in substantial degree on the extent to which that area improves its own agricultural production.

Total agricultural production in Latin America has increased by about a fifth since 1957-59. However, as in some other less developed areas of the world, rising populations are canceling much of the production effort. Per capita output is no more than holding its own.

But there are signs of agricultural improvement in Latin America. An increasing flow of resources is going to agriculture, as evidenced by national budgets in many of these countries as well as by budget allocations of the Agency for International Development. More and more Latin American countries are taking positive actions to make fertilizer available for food crops and to establish food price policies to provide incentives for their use.

Medium-term market outlook

Assuming that growth rates in agriculture will pace the gains in the overall Latin American economy, how would our medium-term market prospects shape up there?

By 1975, if a 6-percent economic growth rate could be again maintained, a middle- and upper-income market of 140 million people can be visualized—almost 70 percent larger than in 1965. This is the part of the population that would be most likely to expand its commercial buying of U.S. farm products.

In the case of the rural poor, prospects are much less favorable. U.S. commodities moving to that group probably will continue to move on concessional terms; that is, at something less than the full dollar value that might be derived from commercial sales. Only if efforts are successful to modernize agriculture in Latin America and bring the rural poor into the mainstream of the region's economic development is this situation likely to be changed materially.

The urban poor present a similar picture. The great proportion will remain outside the commercial market for U.S. agricultural products unless their general economic situation is improved.

Hence, for these two populous sectors of the overall Latin American market, U.S. policy alternatives may be expressed in terms of whether to devote more resources to helping these countries with their general economic development—and particularly their agriculture in order to increase their ability to buy our farm products for dollars—or to try to meet food deficits through continued and possibly larger concessional sales.

Economic growth essential

The case of the well-to-do and middle-income groups of Latin America pose different policy alternatives. Which way should we go in our market development? Should the effort exerted in Western Europe, Japan, and other developed countries be matched with similar effort in Latin America if economic growth continues, or should some of this effort be shifted to these potential new markets?

The rate of economic growth, therefore, becomes a critical factor with respect to our market prospects and policies. A more productive agriculture—a goal of both the Alliance for Progress and the Food for Freedom program—will determine in considerable part the rate of economic growth, and hence the size of future markets for our farm products in Latin America.

RATES OF ECONOMIC GROWTH AND SIZE OF MARKET GROUPS, IN LATIN AMERICA

Market group	Population distribution[1]			
	1962	1965	1975—	
			with 4% growth[2]	with 6% growth[2]
	Mil.	*Mil.*	*Mil.*	*Mil.*
Rural poor	90	90	110	80
Urban poor	60	80	110	110
Subtotal	150	170	220	190
Rural middle income	8	12	20	30
Urban middle income	45	55	70	85
Subtotal	53	67	90	115
Well-to-do	15	16	20	25
Totals	218	253	330	330

[1]Population totals are based on U.N. median estimates; urban/rural breakdowns assume a continuing trend of urbanization in the order of 1 percent per year. Economic class estimates are based on first-hand observations and scattered demographic data for the area—particularly some studies by the Inter-American Committee for Agricultural Development (CIDA).

[2]Gross rates of economic growth. Assuming a population growth rate of 3 percent per annum, the lower economic growth rate would mean a 1-percent increase in per capita income; the higher growth rate a 3-percent increase in per capita income. The higher rates of per capita income compounded annually are projected as having a two-fold affect: (1) A somewhat greater shift of population from rural to urban areas, and (2) A higher proportion of middle income—both urban and rural—and of the well-to-do.

Western Europe's 1966 Farm Output and Outlook for Trade

This article is excerpted from a report to be published soon, EUROPE AND THE SOVIET UNION AGRICULTURAL SITUATION: REVIEW OF 1966 AND OUTLOOK FOR 1967. *This report, ERS Foreign 185, may be obtained without charge by writing to Publications Distribution, OMS, Room 0419, U.S. Dept. of Agriculture, Washington, D. C. 20250.*

Although wet weather over most of Western Europe in recent years has adversely affected its agriculture, production in 1966 reached a record level—some 4 to 5 percent higher than in 1965—and per capita output rose approximately 3 percent.

Total grain production in 1966 was slightly less than in 1965 because of smaller acreage. Unfavorable weather over most of Western Europe during the fall of 1965 caused a reduction in the area planted to winter grains and accentuated the upward trend in feedgrain acreage during 1966. However, this decrease in the area seeded to wheat and rye was largely offset by increases in barley and corn. The average yield of wheat in 1966 was less than the record yield in 1965 but yields of corn and rice were higher.

Grains vary by crop

Wheat production in 1966 was estimated at about 40 million tons, more than 5 million tons below the record crop harvested in 1965. A 6-percent decline in acreage was primarily responsible. Austria, West Germany, Spain, and Switzerland were the only countries in Western Europe with larger harvests. In France, which usually accounts for about one-third of Western Europe's wheat crop, production dropped 3.5 million tons to about one-fourth less than in 1965. Wheat also declined markedly in Italy, Portugal, Sweden, and the United Kingdom.

Rye production continued downward because of smaller acreages in most countries and reduced yields in some. The drop-off was sharpest in the Netherlands, Denmark, and Sweden, but West Germany, which normally produces over half the rye grown in Western Europe, also experienced a decline.

Barley production moved upward to about 32 million tons in 1966—6 percent higher than the record 1965 crop —as the result of an 8-percent acreage increase caused by spring seeding on land that could not be planted to winter wheat. Most of the West European countries had bigger crops, the exceptions being Belgium, Italy, Norway, Portugal, and Sweden.

Corn for grain also mounted; at 10 million tons production was 1 million tons larger than in 1965. Italy and France are the main corn growers but Portugal and Spain are increasingly entering the picture.

The rice crop increased about 20 percent, reaching nearly 1.5 million tons and erasing the drop in 1965. Acreage was 3 percent larger than in the previous year. Rice is produced in the Mediterranean countries—almost half of it in Italy which had a very good crop in 1966.

Potatoes, sugarbeets, other crops

Potato production at 61 million tons was about the same as in 1965. However, Western Europe's potato output has been dwindling during the past decade, as potatoes are now being displaced by grain as a livestock feed.

Sugarbeets also stayed at about the same level as in 1965—61 million tons—although acreage was somewhat smaller because of a planned acreage reduction in France.

Only three countries in Western Europe grow cotton—Greece, Italy, and Spain. Output rose in 1966 because of acreage expansion in Spain.

Tobacco was 5 percent below the 1965 crop because of lower acreage in Greece and some blue mold damage in Greece and Spain.

Olive production was higher in 1966 solely because of a larger Spanish harvest.

Fruit, meat, poultry

With regard to fruits, the crops were generally better than the year before, and in the European Economic Community countries they set a record. The 1966 harvest of grapes for wine was smaller, with production down in France, West Germany, and Italy, but up in other countries, particularly Spain.

Red meat production inched up in 1966 to 14.2 million tons. Beef and veal were responsible for the rise; at 5.9 million tons output was 5 percent higher than in 1965. Pork fell slightly short of the record 1965 production but was still 4 percent higher than in 1964. Production moved downward in the major pork-producing countries of West Germany, France, the United Kingdom, and Denmark, while Italy and Spain showed considerable expansion.

Poultry meat production rose 2 percent in 1966, continuing the upward trend of recent years, particularly in the production of broilers. Milk was up slightly, as most countries expanded output marginally.

Trade prospects for U.S.

U.S. agricultural exports to Western Europe should continue to increase in fiscal 1966-67.

Imports of wheat and flour probably will be at the same level as the year before. Although the wheat crop in Western Europe was about one-tenth smaller than in 1965, the quality was better, and this improvement in quality, together with the larger barley crop, is expected to result in less wheat being used as livestock feed. Also, much of the decline in wheat production was in France and it will be reflected mainly in a reduction in wheat exports.

Imports of U.S. feedgrains by Western Europe are expected to decline somewhat from the high level of 1964-65 —but most significantly in the United Kingdom where the increase in feedgrain output will more than offset the growth in feedgrain requirements.

Western Europe's purchases of U.S. oilseeds and oilseed products will very likely remain near the 1965-66 level. There may be a slight decrease in vegetable oil imports because of the larger olive oil output in the Mediterranean area, particularly Spain, and also the larger output of sunflowerseed and rapeseed in some European countries. While the demand for oilseed cake and meal is increasing, both products are encountering strong competition from fishmeal.

Imports of U.S. animal fats by Western Europe are not expected to increase significantly, as requirements are being met through increased domestic production and greater

use of fish oil. Also, synthetic materials and vegetable oils are being substituted for animal fats in making detergents. However, the use of animal fats in livestock and poultry feed is rising in Western Europe.

Cotton, tobacco could gain

Some recovery is expected for imports of U.S. cotton. Despite heavy competition from synthetic fibers, the textile industries of France and Italy are recovering from a recession and are expected to require more cotton. Spain used more cotton in 1965-66, and a possible further increase could occur in 1966-67. Most of the other West European countries are likely to use as much, if not more, cotton this fiscal year.

U.S. tobacco faces competition in Western Europe from suppliers of lower quality and lower priced tobacco, but the continuing sanctions against Rhodesia will enhance the U.S. position.

A moderate decline in U.S. shipments of fresh citrus and apples because of Europe's bigger harvest will probably be offset by increased imports of U.S. processed fruits and juices.

Exports of U.S. variety meats to Europe should increase because of the increased supplies of pork variety meats in the United States. And prospects remain relatively good for U.S. exports of turkeys, poultry parts, and packaged poultry items. However, the European market for U.S. dairy products is still limited.

India's Fertilizer Imports Hit Record Level in 1966

India's fertilizer imports rose to record levels during 1966, as the country struggled to come back from its drought-reduced harvests of 1965-66.

Fertilizer imports into India last year totaled 865,400 metric tons of plant nutrients—triple average imports in the 3 previous years. Included in the total were 634,000 tons of nitrogen, 134,200 of phosphates, and 97,200 of potash fertilizers.

Far the largest supplier in 1966 was the United States, which also counts India as its major outlet for fertilizer. U.S. fertilizer shipments (including filler) to India reached about 1.1 million tons in 1966 for a value of over $70 million, compared with 656,423 tons at $33 million in 1965. (Since fertilizer with over 26 percent nitrogen cannot be safely transported by ships without risking accidental explosion, imports of nitrogen fertilizer include the total weight of nutrients plus filler items.)

Other major suppliers during 1966, in actual tons and including filler items, were Italy, 201,748; other EEC countries, 524,898; Japan, 175,700; the USSR, 170,628; the United Kingdom 60,336; and East Germany, 52,532.

Indian fertilizer usage, spurred upward by agricultural improvement programs that followed the disastrous drought of 1965-66, has more than doubled in the last 2 years. This rapid growth has created some distribution problems, though the demand for larger quantities than are available has been a strong incentive for rapid movement once the fertilizer arrives in local distribution centers. Drought in 1966 curtailed usage, and in some areas supplies were held up by the need for rapid food movement. Nonetheless, experience during the past year provides a strong base for even further expansion in 1967.

Fertilizer consumption targets for 1966-67 (July-June) have been proposed by the Union Ministry of Food and Agriculture at 1,350,000 tons of nitrogen, 500,000 tons of phosphates, and 300,000 tons of potash. Indigenous production in calendar 1967, which would be available mostly for use during 1967-68, is currently estimated at 500,000 tons of nitrogen and 250,000 tons of phosphates.

The government has promulgated policies designed to encourage foreign and Indian investors to produce fertilizers in the country. Plants now in operation, under construction, or in the advanced planning stage will, if completed, have a capacity to produce 2.5 million tons of nitrogen by 1971 compared with about 300,000 tons in 1966; others being negotiated for give prospects for 400,000 additional tons by 1971. Comparable quantities of phosphates and potash are to be provided in India through imports or through production.

Consortium Pledges More Food Aid to India

Members of the India Aid Consortium along with other countries have pledged the equivalent of 10 million tons of food aid to India this year. Included in this are the 4.3 million tons of foodgrains already supplied by member countries—mainly the United States—an additional 3 million tons offered by the United States, and 700,000 tons offered by Canada.

The Consortium, following the April 4-6 meeting in Paris, reported that besides food, the aid will include fertilizer, related agricultural production materials, and cash for the purchase of food.

Looking at the fiscal year April 1, 1967-March 31, 1968, the Consortium set forth a target of some $1.3 billion (including foodstuffs) for new aid not connected with specific projects. Some members have already indicated contributions toward this target, although most will not be able to make firm pledges until budget and related decisions have been made at home.

Attending the April meeting were representatives of the Governments of Austria, Belgium, Canada, France, West Germany, Italy, Japan, the Netherlands, the United Kingdom, and the United States. The International Monetary Fund sent observers.

An Indian delegation, led by Ministry of Finance Secretary S. Jagannathan, described to the Consortium India's plans for the fiscal year. The Indian representatives reported that the government "plans to pursue vigorously the new program to increase food and other agricultural production by providing ample supplies of new high-yielding seed varieties, fertilizers, plant protection materials, and equipment for installation of wells and other irrigation facilities."

The delegates also said there would be continued emphasis on family planning programs, export production, and measures to encourage private foreign investment.

The meeting of the Consortium will be resumed in Washington on April 25.

Milan Trade Center Office Handles U.S. Food Promotion in Italy

Three years ago this month, the U.S. Agricultural Officer and his staff in Milan, Italy, moved from the American Consulate General on busy Plaza della Republica into spacious second-floor offices at the new U.S. Trade Center in the agricultural pavilion of the city's fair grounds. USDA and the Department of Commerce share the Center's facilities.

With the move to the Trade Center, the activities of the Milan agricultural office—originally established to gather specialized price and market information at the trading hub of Italy—branched into a wide range of trade promotion projects similar to those carried on by the London and Tokyo Trade Center offices. Aim of the program is to expand one of U.S. agriculture's biggest foreign markets which takes about $250 million in U.S. farm products annually.

The Trade Center office receives backup assistance from the FAS International Trade Fairs Division in Washington and administrative supervision from the U.S. Agricultural Attaché in Rome. On-site operations are handled by the Agricultural Officer and his staff.

One of the office's chief techniques in promoting U.S. farm products is the trade exhibit. Soon after the opening of the new office, FAS held its first exhibit of food and agricultural products at the Trade Center, concurrent with Milan's annual International Samples Fair. Similar shows were held at fairtime the following 2 years. The Center has also been the site of processed food exhibits, seminars, and conferences for the Italian trade.

Last year, the Trade Center office was given responsibility for on-site management of FAS participation in Italian trade fairs, including the annual International Fair of Dairy Cattle at Cremona and the International Agricultural and Livestock Fair at Verona. Exhibits in cooperation with several U.S. commodity groups are usually planned for the larger fairs. At smaller, more specialized fairs, like the Bologna Food Fair, the office last year began setting up small information booths so as not to miss out on potential trade contacts.

The Trade Center offices also serves as a permanent information center for Italian businessmen and as a liason between American and Italian firms.

Top right, entrance to the U.S. Trade Center in Milan; right, the Center's first floor as it looks during a food exhibit for the Italian trade; below, meatcutting demonstration at a show.

Below, William L. Scholz, left, former Agricultural Officer in Milan, and G. Frederick Reinhardt, U.S. Ambassador to Italy, tour U.S. exhibit at Verona.

German Green Plan Considers Farm Income and Problems With EEC

By PAUL G. MINNEMAN
U.S. Agricultural Attaché, Bonn

The West German Government last month presented to its Parliament the 1967 Green Plan. With it went a request for $425 million for farm assistance and $142 million—the same as last year—to carry out measures for adjusting to the EEC. Total proposed expenditures in the agricultural sector are about 2 percent smaller than last year's; major cuts were in milk and diesel subsidies.

Minister Hoecherl, who presented the Plan, pointed out that German agriculture has made much progress in its technical revolution and in its adjustments to the European Economic Community. In efficiency Germany is third in Europe after the Netherlands and Belgium. However, in spite of the $5.8 billion appropriated through the previous Green Plans since 1956, goals have not yet been achieved.

The income gap between farm and nonfarm workers was cited as a reason for this failure to meet goals. Higher incomes and production in 1967 were major goals of the twelfth Green Plan.

Long- and short-term measures

Minister Hoecherl announced that he intends to carry out development programs under long-term financial planning and to distribute available funds according to priority in the various "blocs." These are agricultural structure, farm structure (production), market structure, and social welfare. However, until the EEC has clarified its future policy on subsidies, the Minister's plan cannot be developed further. Some short-term measures were proposed that would help farmers adjust to problems caused by EEC farm market regulations.

The Cabinet has not yet decided to increase milk prices by 23 cents per hundredweight as proposed by the Minister. Reportedly a boost in consumer prices might endanger efforts of "concerted action" by labor and business to assure economic stability. Minister Hoecherl wants to raise milk prices to offset reductions in milk subsidies. EEC negotiations resulted in a reduction of the federal contributions to the producer price of milk, effective April 11, 1966. The cut then was from 45 cents per hundredweight to 42 cents, and then down to 34 cents on August 1, 1966. It was further reduced to 19 cents on April 1, 1967. (Funds were shifted to other sections of the dairy budget —support of skim milk powder for feed, intervention for cheddar cheese, and consumer price reduction of butter from federal storage.)

The guide price for cattle was raised from $28.75 per hundredweight to $29.43, effective April 1, 1967.

A measure taken outside the budget to increase net farm income was a proposal to make the purchase of diesel fuel by farmers tax-free effective November 1. Under the present system the farmers pay the full price and receive certain tax refunds later. The new procedure is to guarantee that German farmers will not have to pay higher prices for this input than their competitors throughout the EEC.

A few weeks before the Bundestag met to discuss the 1967 Green Plan proposal, Germany's powerful Farmers Union had announced several measures it wanted the government to include in its 1967 program. In part, the Green Plan met their demands. However, the established guide price for cattle was 68 cents per hundredweight short of the Union's request (and 23 cents short of Minister Hoecherl's) and the Union's request that prices of all milk products be increased by the same amount as federal and state milk subsidies are reduced went unanswered.

Reaction in the German Parliament was favorable, although there was some concern expressed about income losses which are expected to result from initiation of EEC prices on July 1. Negotiating officials from Germany were urged to apply in Brussels for an increase in grain prices for 1968-69 and to encourage a better relationship between feedgrain and breadgrain prices. Requests were also made for the highest possible guide prices for beef, "transitional aid" for the threatened German broiler industry, measures against "dumping" of imports from Communist Bloc countries, and more subsidies on interest payments made by West German farmers.

Frankfurt Food Show Offers 400 Varieties

Variety was the keynote as more than 400 U.S. foods went on display before the West German food trade and press earlier this month at the U.S. Trade Center in Frankfurt. Items shown ranged from fruits, poultry, and rice to such newcomers to the German market as freeze-dried foods, dietetic candies and cookies, fish "frankfurters," and a multipurpose food ideal for emergency reserves.

Among poultry items, turkey roasts drew considerable attention. Made from breasts and thighs, they were advertised as a no-work, no-waste product.

Particularly eye-catching was an attractive assortment of fresh fruits—oranges, apples, pears, papayas, and pineapples—flown in from six States and Puerto Rico. Free samples of Florida orange juice kept the firms displaying it busy throughout the show.

Almost unknown in Germany, the dietetic foods were shown with an eye toward marketing them to hospitals, health-food shops, and food sections of large department stores. Besides candies and cookies, low-calorie foods included defatted peanuts with 60 percent of the oil removed.

The freeze-dried foods included fruits, vegetables, meats, dairy products, poultry, and fish. These foods are flash frozen and dried in a vacuum to extract all moisture. Before serving, they are simply reconstituted.

The multipurpose food—toasted soy-grits with vitamins and minerals added—was exhibited at a timely moment since the German Government is enacting a law requiring all homeowners to keep a minimum food supply in reserve.

Several unusual fish products proved popular, including fish frankfurters made from a variety of Great Lakes fish and fish pepperoni made from shad and rockfish.

Among other items on display were canned peaches, nuts, raisins, honey, and cereals.

U.S. Livestock and Meat Product Exports Show Sharp Gain

U.S. exports of livestock and meat products showed a sharp upturn in the first 2 months of 1967.

The gain was due primarily to increased availability of slaughter livestock supplies, particularly pork; shipments of this product were up 81 percent, boosting total red meat exports 26 percent from the previous year. Exports of variety meats rose 21 percent. Lard exports were up 53 percent from the 1966 period, while tallow shipments increased 14 percent. Exports of cattle hides climbed by 6 million pieces.

Imports of total red meats in the first 2 months of 1967 were up 12 percent over a year earlier, mainly as a result of the large shipments—up 26 percent—of boneless manufacturing quality beef. Total beef imports were up 21 percent over a year earlier. Pork imports fell 5 percent, and lamb imports were off 52 percent. Live cattle imports—mainly feeder cattle from Mexico and Canada—were down 47 percent in February from a year earlier.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	February		Jan.-Feb.	
	1966	1967	1966	1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	432	72	1,006	348
Fresh and chilled	1,801	335	3,051	680
Boneless beef	51,953	52,927	97,913	122,976
Cuts (prepared)	325	219	759	645
Veal	1,093	938	2,685	3,350
Canned corned beef	.....	6,031	.....	10,359
Canned beef and beef sausage	6,999	965	13,850	2,117
Prepared and preserved	1,130	2,754	2,710	6,702
Total beef and veal	63,733	64,241	121,974	147,177
Pork:				
Fresh and frozen	3,118	3,589	7,240	7,334
Canned:				
Hams and shoulders	18,925	17,569	35,917	32,310
Other	3,781	4,924	7,532	8,448
Cured:				
Hams and shoulders	128	110	242	240
Other	455	303	837	647
Sausage	97	239	269	424
Total pork	26,504	26,734	52,037	49,403
Mutton and goat	5,061	4,243	7,083	8,518
Lamb	1,264	591	2,962	1,410
Other sausage	290	578	788	1,057
Total red meat	96,852	96,387	184,844	207,565
Variety meats	340	298	839	622
Wool (clean basis)				
Dutiable	16,995	8,914	35,952	18,407
Duty-free	6,986	4,208	16,101	11,234
Total wool	23,981	13,122	52,053	29,641
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	20	7	78	23
Calf	14	33	57	78
Kip	39	26	68	50
Buffalo	31	38	66	84
Sheep and lamb	2,627	1,774	3,630	2,932
Goat and kid	794	793	1,924	1,658
Horse	24	18	49	39
Pig	117	163	298	260
	Number	*Number*	*Number*	*Number*
Live cattle[1]	77,715	41,346	179,226	100,018

[1]Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	February		Jan.-Feb.	
	1966	1967	1966	1967
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	15,016	13,740	20,681	31,640
Tallow and greases:				
Inedible	154,472	210,064	300,395	342,573
Edible	1,848	2,872	4,179	4,659
Red meats:				
Beef and veal	1,654	2,754	6,479	5,516
Pork	3,583	6,305	5,964	10,785
Lamb and mutton	91	107	149	177
Sausages:				
Except canned	165	145	337	292
Canned	133	116	242	162
Other canned meats	780	639	1,305	1,394
Meat specialties:				
Frozen	221	160	322	246
Canned	118	281	331	429
Total red meats	6,745	10,507	15,129	19,001
Variety meats	13,938	18,821	30,606	36,986
Sausage casings:				
Hog	443	484	1,004	1,073
Other natural	303	173	676	423
Mohair	950	602	1,505	1,227
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	1,236	5,387	2,172	8,205
Calf	259	169	427	312
Kip	36	61	109	93
Sheep and lamb	144	246	364	401
Horse	3	4	5	7
Goat and kid	75	30	81	42
	Number	*Number*	*Number*	*Number*
Live cattle	2,547	3,426	4,578	7,183

Bureau of the Census.

Yugoslavia Shows Record Beef Exports in 1966

According to semiofficial data, Yugoslav exports of beef in 1966 hit a new record of 74,000 metric tons, an increase of 14 percent over 1965. In addition, exports of cattle for slaughter totaled 20,000 metric tons, nearly double those in 1965. Value of beef exports was estimated at $85 million, some 7 percent of the total value of all exports ($1,223 million) in 1966.

Italy was the top buyer of Yugoslav beef in 1966, followed in order by Greece, Switzerland, West Germany, and the United Kingdom. Yugoslavia is looking to Common Market countries, especially Italy, as the major outlet for beef again in 1967. Italian beef production is expected to fall as a result of herd rebuilding following last year's floods.

Although Yugoslavia has shown significant growth in beef production, further increases may be more difficult. Problems with domestic milk consumption and low prices for dairy products could result in some declines in cattle numbers in 1967. Since cows are used for both milk and beef production, any decrease in milk cow numbers would automatically reduce beef output and exports.

Japan's Soybean, Safflowerseed Imports Up

Japan's imports of soybeans and safflowerseed during January-February 1967 rose 9 and 4 percent, respectively, from the levels of the same months last year.

Of the 406,660 metric tons (14.9 mil. bu.) of soybeans imported, 349,213 (12.8 mil. bu.) were U.S. beans, and most of the remainder were Chinese. Compared with the same period last year, imports from the United States rose 14 percent while those from Mainland China fell 11 percent.

Imports of safflowerseed totaled 28,899 tons, of which 22,710 were from the United States. However, quantities from the United States were 17 percent less than in the same months of 1966, while the relatively small remainder, largely from Mexico, rose sharply.

Japan's imports of soybean cake and meal totaled only 995 tons in January-February, all from the United States. This is in sharp contrast to imports of 6,507 tons, largely from the United States, in the same period last year.

JAPAN'S IMPORTS OF SOYBEANS, SOYBEAN MEAL, AND SAFFLOWERSEED

Commodity and major source	1965	1966	January-March 1966	January-March 1967
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Soybeans:				
United States	1,464.9	1,772.1	307.6	349.2
Total	1,847.5	2,168.5	372.1	406.7
Soybean cake and meal:				
United States	41.7	7.0	6.4	1.0
Total	46.3	7.4	6.5	1.0
Safflowerseed:				
United States	112.7	108.6	27.3	22.7
Total	113.4	147.2	27.8	28.9

Japanese Customs Bureau, Ministry of Finance.

Indian Sugar Supply Deteriorates

The Indian sugar production situation has declined rapidly. The 1966-67 production of white sugar is estimated to be between 2.7 million and 2.8 million short tons as compared with 4.3 million in 1965-66.

Many factors account for the decrease in production prospects. Some of these are acreage reduction, drought during the growing season, shortage of irrigation water, lower cane yields, lower sugar yields from crushed canes, and large-scale diversion of cane supplies to processors of Khandsari (a semi-refined) and Gur (a native brown). Since there is no price control on Gur or Khandsari, prices on these types of sugar have been very high compared with those for refined sugar.

India's sugar supply in 1966-67 is estimated to be 3.6 million tons; this includes a 1.0 million carryover from 1965-66. India consumes about 3 million tons each year. To insure an adequate carryover into the next season, exports will be reduced more than 200,000 tons from the 485,000 exported in 1966.

Favorable prices and higher grain yields are contributing to a switch of acreage from sugar in some areas.

British Cigarette Exports Increase

Exports of cigarettes from the United Kingdom totaled 31.4 million pounds last year, about 11 percent above the 1965 level. Larger shipments to non-Commonwealth countries accounted for most of the gain.

Exports to non-Commonwealth countries, at 20.0 million pounds last year, were one-sixth larger than in 1965. Increased purchases by West Germany, Ireland, Spain, French Somaliland, Togo, Canary Islands, Kuwait, Libya, and Egypt more than offset smaller shipments to the Sudan, France, Belgium, and Italy.

U.K. CIGARETTE EXPORTS

Destination	1964	1965	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Commonwealth:			
Aden[1]	2,305	2,503	2,687
Hong Kong	1,907	2,256	2,150
Singapore	1,948	2,207	1,752
Malaysia	(2)	(2)	727
Gambia	209	295	382
Gibraltar	596	275	277
Australia	271	286	220
Sierra Leone	209	247	234
Others	2,646	3,017	2,917
Subtotal	10,091	11,086	11,346
Non-Commonwealth:			
Kuwait	1,900	4,360	4,960
Germany, West	1,586	1,559	1,849
France	1,456	1,731	1,598
French Somaliland	682	1,172	1,327
Sudan	1,724	1,591	1,281
Ireland	222	300	789
Togo	520	423	723
Canary Islands	307	398	688
Others	4,832	5,701	6,812
Subtotal	13,229	17,235	20,027
Total	23,320	28,321	31,373

[1]Includes South Arabia. [2]Included with Singapore.
Tobacco Intelligence, London.

Greece Expects Larger 1967 Burley Crop

Planting of burley type tobaccos in Greece this season is currently forecast at 7,410 acres, compared with the harvested area of 5,463 acres last year. Considering the upward trend in yields, the harvest this season may approach 18.5 million pounds—up 35 percent from 1966.

The budget approved on November 15, 1966, by the Governmental Tobacco Committee for the cultivation of this kind of leaf tobacco totaled US$1,050,000, compared with $916,700 for the 1966 crop. Slightly over 75 percent of the funds are earmarked for private enterprises and for subsidizing new and old drying barns. The remaining funds are budgeted for the redrying plant and for expenses pertaining to cultivation by the National Tobacco Board.

BURLEY PRODUCTION IN GREECE

Year	Area	Yield per acre	Production
	Acres	*Pounds*	*1,000 pounds*
1960	10	1,718	18
1961	137	1,771	247
1962	634	1,877	1,206
1963	1,974	1,815	3,638
1964	3,632	2,158	7,939
1965	4,275	2,176	9,418
1966	5,463	2,467	13,653
1967[1]	7,410	2,500	18,500

[1]Forecast.

U.S. Tobacco Exports Up in February

U.S. exports of unmanufactured tobacco in February 1967 totaled 34.8 million pounds, valued at $30.7 million. This compares with 29.5 million pounds, at $23.8 million, in February 1966.

During July-February 1966-67, exports of unmanufactured tobacco totaled some 447.4 million pounds, up 25 percent from the 358.2 million shipped out in the similar period of fiscal 1966. Flue-cured has accounted for most of the gain this fiscal year.

The value of tobacco product exports in February 1967 was below that of February 1966; total value was $9.9 million compared with $10.6 million.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	February		January-February		Change from 1966
	1966	1967	1966	1967	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	18,986	25,200	43,790	51,664	+ 18.0
Burley	5,570	4,276	8,254	7,264	— 12.0
Dark-fired Ky.-Tenn.	1,662	1,454	2,001	3,312	+ 65.5
Va. Fire-cured[1]	169	396	1,350	881	— 34.7
Maryland	295	254	786	1,693	+115.4
Green River	73	79	151	112	— 25.8
One Sucker	20	9	37	67	+ 81.1
Black Fat	326	224	607	587	— 3.3
Cigar wrapper	924	106	1,207	208	— 82.8
Cigar binder	62	122	154	201	+ 30.5
Cigar filler	51	42	124	61	— 50.8
Other	1,387	2,629	3,034	5,671	+ 86.9
Total	29,525	34,791	61,495	71,721	+ 16.6
Declared value	*Mil. dol.* 23.8	*Mil. dol.* 30.7	*Mil. dol.* 52.2	*Mil. dol.* 59.9	*Percent* + 14.7

[1]Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	February		January-February		Change from 1966
	1966	1967	1966	1967	
Cigars and cheroots					*Percent*
1,000 pieces	4,098	2,935	8,316	7,554	— 9.2
Cigarettes					
Million pieces	2,019	1,731	3,534	3,500	— 1.0
Chewing and snuff					
1,000 pounds	56	25	105	32	—69.5
Smoking tobacco in pkgs.					
1,000 pounds	54	100	162	180	+11.1
Smoking tobacco in bulk					
1,000 pounds	1,052	1,085	1,644	1,856	+12.9
Total declared value					
Million dollars	10.6	9.9	18.5	19.3	+ 4.3

Bureau of the Census.

West German Cigarette Output Increases

Cigarette output in West Germany (including West Berlin) last year totaled a record 109.5 billion pieces. This was 7.2 percent larger than the 102.1 billion in 1965.

Cigarette sales during 1966 amounted to 101.5 billion pieces, compared with 96.1 billion in 1965 and 90.2 billion in 1964. Filter-tipped cigarettes represented 82.9 percent of total sales last year, compared with 81.6 in 1965 and 80.0 percent in 1964.

Monthly cigarette sales since August 1966 through January 1967 have declined substantially, from 9,346 million pieces to 7,529 million. Sales on an individual monthly basis, beginning with August 1966 through December 1966, all showed percentage gains from the same months in 1965, but the trend was downward. And, sales during January 1967, at 7,529 million pieces, were 7.0 percent below those for January 1966 and 8.2 percent below December 1966.

Retail prices for cigarettes were increased about 9.5 percent on March 1, 1967. Early forecasts indicated about a 5-percent decline in sales. However, in view of the steady decline since August 1966, the early forecast now appears rather conservative.

Ontario's Flue-Cured Auctions Close

Sales of the 1966 crop of flue-cured tobaccos in Ontario, Canada, ended on March 27, 1967. Sales for the season amounted to a record 214.7 million pounds at an alltime high average price of 71.35 Canadian cents (65.9 U.S. cents) per pound. The average price of the 1966 crop was 5.4 cents a pound higher than the 1965 average of 65.95 cents (61.2 U.S. cents), when 154.0 million pounds were sold.

Larger Australian Dried Prune, Apricot Packs

The 1967 dried prune pack in Australia is forecast at 4,500 tons, a 1,000-ton increase over the short 1966 pack. Average production (1961-65) is 5,200 tons.

The 1967 dried apricot pack is forecast at 3,100 tons, up 1,200 tons from the below-average 1966 volume. Average production (1961-65) is 2,600 tons.

Taiwan Imports and Consumes More Cotton

Imports of raw cotton by Taiwan in the first 5 months (August-December) of the 1966-67 season totaled 125,000 bales, 6 percent above imports in the same period of 1965-66. In the first 5 months of 1966-67, imports from the United States accounted for 79 percent of total imports. Other major suppliers include Mexico, Brazil, Central American countries, and East African countries.

The textile industry in Taiwan has been operating at a record rate this season. Consumption in August-December 1966-67 was 142,000 bales, 13 percent above the 126,000 bales used in the same period of 1965-66. The higher level of activity is primarily due to a processing agreement with Indonesia.

At the beginning of calendar 1966, 553,000 cotton spindles were in place and 481,000 were in operation—54,000 higher than in the previous year.

In calendar year 1965, exports of cotton textiles were valued at about $43.5 million. The raw cotton content of these exports was equivalent to about 200,000 bales (480 lbs. net). Major outlets for these exports were the United States, South Vietnam, Hong Kong, Thailand, Australia, and Canada.

Taiwan produces about 3,000 bales of cotton each year. The need for more land for food crops, and the coincidence of the typhoon season with the cotton growing season, would seem to preclude any sizable increase in cotton production.

Stocks on hand next August 1 are expected to be around 100,000 bales, about 4 months' supply at the current rate of use.

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Highlights of the Agriculture and Trade of New Zealand

Resources:—New Zealand covers about 104,000 square miles of the most southern part of the Southwest Pacific. It has approximately the same land area as the State of Colorado. The country is divided into two main parts, North Island and South Island, and population is an estimated 2.7 million. The economy based on agricultural production for export is well developed, and the living standards are high. Fourteen percent of a total labor force of 900,000 is employed in farming.

Agriculture:—The rough, mountainous terrain does not permit widespread cropping. Total farm area is 44 million acres, of which 50 percent is under cultivation. Climatic conditions favor pastures and livestock, primarily sheep and cattle. Main commodities produced are meat, wool, and dairy products.

Farm income currently accounts for about 9 percent of GNP. Over the past 10 years, farm production has increased about 2.5 percent per year, the result of greater capital investment. The government encourages producers to reinvest income in farms by tax incentives, subsidies on transport and fertilizers, and guaranteed price policies for specified commodities. The trend has been away from employment of labor with greater use of mechanization. Agriculture has benefitted from contract services (fertilizing, pasture seeding, sheep dipping and shearing, harvesting, and transport operations) as well as soil technology, seed certification, aerial fertilizing, and seeding.

Livestock expansion has been encouraged to assure greater exports of animal products through 1973. Average compound rate of livestock increase per annum has been set at 3.5 percent per year from the base year 1962-63. So far livestock increases per annum have been greater than the targeted goals.

Food situation:—Food is plentiful. Output of edible livestock products far exceeds consumption requirements, and, as a rule, wheat production is adequate for about two-thirds of the country's needs. Fruits and vegetables are in abundant supply, except tropical varieties. The daily per capita consumption of all foods totals about 3,500 calories, with more than 50 percent derived from animal products.

Foreign trade:—Agricultural products account for 90 percent of total export revenue. New Zealand is the world's largest exporter of butter; the second largest exporter of cheese and wool; and the fourth largest world supplier of meat.

Foreign marketing of most agricultural products is controlled through commodity boards or authorities subject to government statutory regulations. The Dairy Board, Meat Producers Board, Apple and Pear Board, and Honey Marketing Authority engage in export and domestic trade. Fruit Distributors, Ltd., and the Wheat Board are the sole importers of fruits and wheat and regulate all domestic marketing functions of their respective commodities.

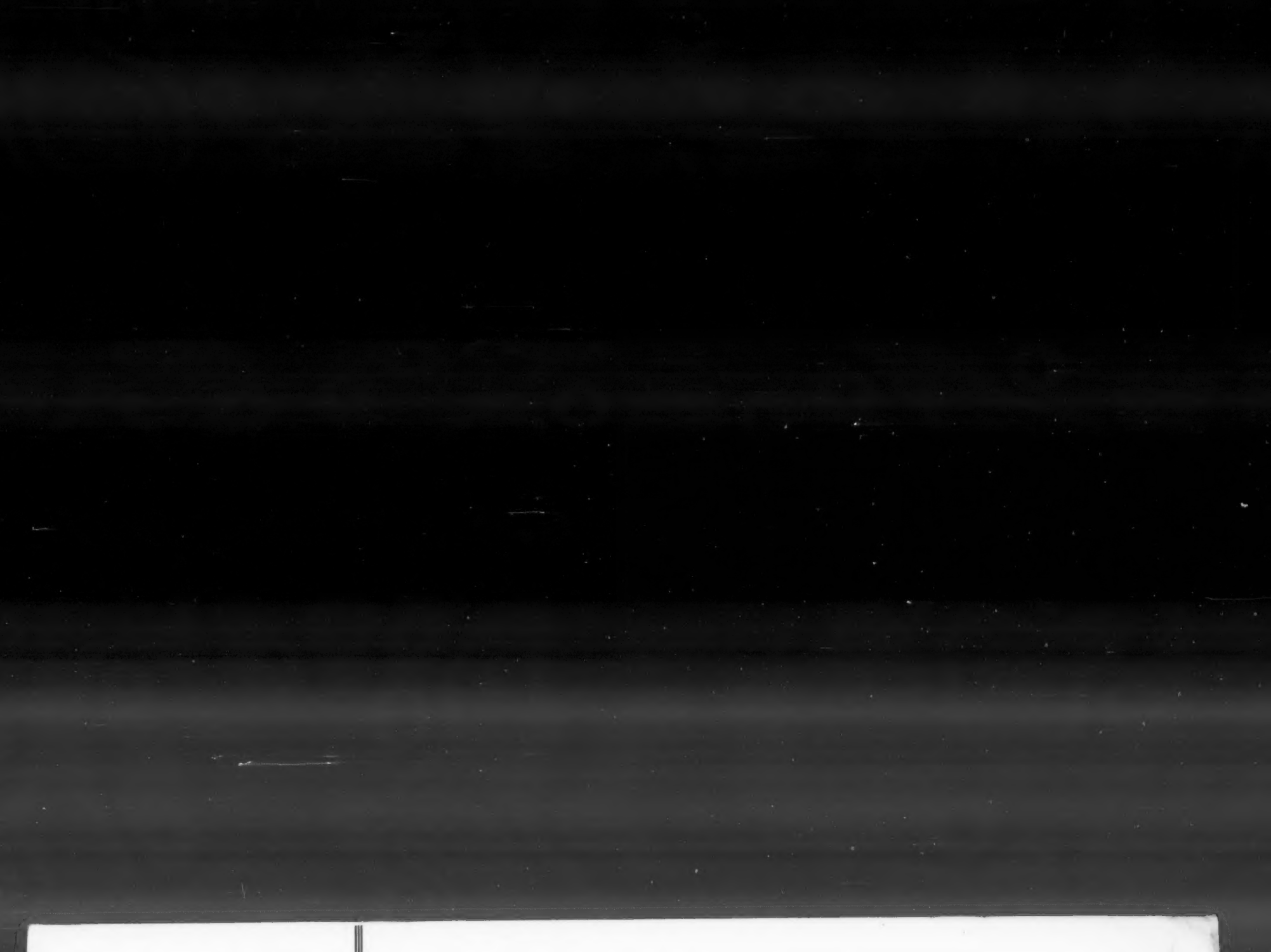
The United Kingdom, the United States, and Japan now rank as the three largest markets for New Zealand's farm products.

The United States chief competitor in the New Zealand market for farm products is Australia. Because of its proximity of location and because it enjoys special trade privileges, Australia is the traditional supplier to New Zealand of wheat, sugar, oranges, raisins, canned fruit, and rice.

Agricultural trade with the United States:—Exports of U.S. agricultural commodities to New Zealand in the 1960's have averaged $6.5 million in value, consisting mainly of tobacco leaf, dried fruits, hog casings, and oranges.

The value of U.S. imports of farm products from New Zealand in the 1960's averaged $134.3 million per year. The chief items are wool, meat, hides and skins, dairy products, and sausage casings (mutton). New Zealand is the first supplier of hides and skins and carpet wools, second supplier of meats to the U.S. market.

Factors affecting agricultural trade:—U.S. agricultural trade with New Zealand is restricted by import licensing, strict plant and animal quarantines, tariff preferences to Commonwealth nations, and mixing regulations. Bilateral trade agreements, particularly with Australia, affect U.S. exports to New Zealand.

New Zealand's exports of dairy products and meats to the United States are subject to quota limitations of Section 22 of the Agricultural Adjustment Act and P.L. 88-482 (Meat Act).

—MARY E. LONG
Foreign Regional Analysis Division, ERS